

Enterprise Applications

Status Update provided to the ITIB

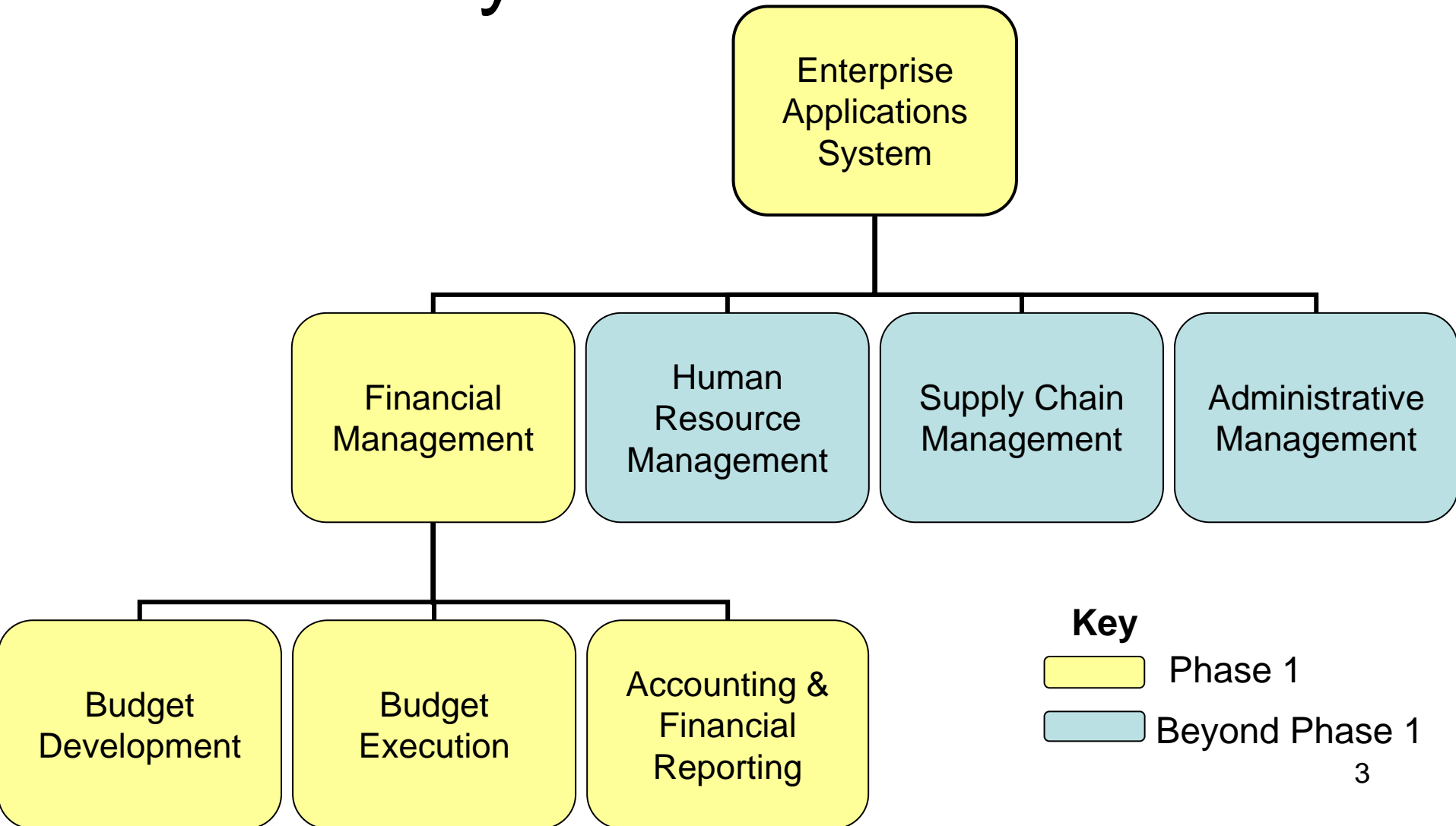
December 7, 2006

Jody M. Wagner
Secretary of Finance

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- Purpose
 - Phase 1 – Financial Management System (FMS)
 - Update the Board on the Scope and Timeline of Phase 1
 - Request release of funding for Planning and Product Selection activities

Enterprise Applications System Overview



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- Why start with Financial Management?
 - If an Enterprise solution was not being considered at this time, the Commonwealth would still face the need to replace its financial systems
 - We would still be reviewing business processes
 - We would still be considering an ERP software solution
 - We would still be hiring an integrator
 - Current systems do not support the needs of most state agencies. Over 150 separate financial systems of various types were discovered during due diligence

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- Why start with Financial Management? - *continued*
 - Risk of system failure and the diminishing pool of knowledge to support these antiquated systems
 - The potential exists for material errors that could lead to internal control findings or audit qualifications resulting from risks associated with antiquated systems. Concerns include:
 - Processes that require manual intervention
 - Significant data analysis and manipulation are required that adversely impacts timely financial reporting
 - Weaknesses in numerous reports as cited by the APA

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- Phase 1 – Financial Management System (FMS)
 - Scope includes two major application releases
 - New ERP-based Budget Development System (June 2008)
 - New ERP-based Integrated Financial Management System – includes Budget Execution, Accounting & Financial Reporting, portions of HR and potential interfaces with Procurement (June 2009)

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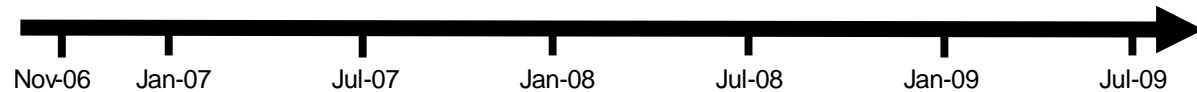
- Phase 1 – FMS: High Level Schedule

Major Projects

Budget Development System

Budget Execution System

Accounting & Reporting



Processes Using New ERP Functions

Budget Amendment Cycle

Biennial Budget Development

Budget Execution, Accounting & Reporting



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- Phase 1 – FMS: Scope
 - 9 Functional Areas: General Accounting, Accounts Payable, Accounts Receivable, Procurement (initial interface), Fixed Assets, Cost Accounting, Performance Budgeting, Budget Execution, Time and Attendance
 - System Replacement for: DPB ProBud, DOA CARS, VDOT FMSII, as well as VEC, DGS, and VITA financial management systems
 - Approximately 250 Commonwealth entities that use CARS or report financial data to CARS will be impacted
 - About half currently use CARS as their primary accounting system and will use the new FMS
 - Other half that currently interface or report data to CARS will interface or report to new FMS

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- Phase 1 – Financial Management System (FMS)
 - Currently estimate approximately \$100m

High Level Estimate for Phase 1 Costs (m)		
Software		13
Hardware		9
COVA Project Resources*		12
Integrator Fees		60
Independent Verification and Validation (IV&V)		3
Facilities and Support		3
Total for Phase 1		\$100
* 33 FTE assigned to project for duration		

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- Phase 1 – FMS: Key Milestones



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- Phase 1 – FMS: Next Steps
 - Activation of Tax Collection Agreement
 - Q1 07
 - Hire Permanent EA Director
 - Q1 07
 - Procurement of ERP Software for the Commonwealth
 - Release RFP, Review Proposals, Negotiations
 - Selection by late Q2/early Q3 07
 - Contract award will come AFTER Development Approval
 - Planning (Completed by Q3 07)
 - Future Business State Definitions
 - Fit-Gap Analysis
 - General Design
 - Implementation Plan
 - Development Approval Documentation

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• Phase 1 – FMS: Planning and Product Selection Deliverable Schedule

No.	Deliverable Name	Tentative Due Date
1	Draft Financial Management (FM) and Performance Budgeting (PB) Future State Business Process/Best Practices Environment Definition Documents	Q4 06
2	Updated FM & PB Future State Business Process/Best Practices Environment Definition Documents	Q1 07
3	Project Plan	Q1 07
4	Project Management Approach and Execution Document	Q1 07
5	Issue Management Plan and Execution Procedures	Q1 07
6	Risk Management Plan and Execution Procedures	Q1 07
7	Change and Communication Management Plan and Execution Procedures	Q1 07
8	Future State Environment Definition Approach and Execution Procedures	Q1 07
9	General Design Approach and Execution Procedures	Q1 07
10	ERP Software RFP Issuance	Q1 07
11	FM & PB Future State Business Process/Best Practices Environment Definition Presentation Documents	Q1 07
12	Modified FM & PB Future State Business Process/Best Practices Environment Definition Documents	Q1 07
13	Final FM & PB Future State Business Process/Best Practices Environment Definition Documents	Q1 07
14	ERP Software Proposals Submission	Q1 07
15	Policy and Procedure Analysis Approach	Q2 07
16	Training Approach	Q2 07
17	Test Approach and Execution Procedures	Q2 07
18	Technical Architecture	Q2 07
19	Interface Approach and Functional Specifications	Q2 07
20	Management and other Reporting Approach and Analysis	Q2 07
21	Conversion Approach and Functional Specifications	Q2 07
22	ERP Software Proposal Evaluations	Q2 07
23	ERP Software Negotiation and Award	Q2 07
24	Fit-Gap Analysis	Q3 07
25	General Design and Final Implementation Plan	Q3 07
26	Development Approval Documents	Q3 07

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- Phase 1 – FMS: Planning and Product Selection Costs

Phase 1 - FMS: Planning and Product Selection Costs	
CGI Fixed Fee Deliverables	1,200,000
CGI Time & Material Deliverables	6,940,077
CoVA Project Resources	1,300,000
Independent Validation and Verification (IV&V)	250,000
Tax System Modifications*	600,000
Software RFP	150,000
Total New Requests	10,440,077
Enterprise Applications Start Up	550,000
Total Previous Requests	550,000
Phase 1 Total Requests To Date	10,990,077
* Note: EA Program to be reimbursed over 3 year period	

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Questions?